

Bloomfield Townhomes #2 Cooperative (Co- Operative)

Housing cooperative is a legal entity—usually a corporation—that owns real estate, consisting of one or more residential buildings. Each shareholder in the legal entity is granted the right to occupy one housing unit, sometimes subject to an occupancy agreement, which is similar to a lease. The occupancy agreement specifies the co-op's rules. *Cooperative* is also used to describe a non-share capital co-op model in which fee-paying members obtain the right to occupy a bedroom and share the communal resources of a house that is owned by a cooperative organization.

Each resident or resident household has membership in the co-operative association. Members have occupancy rights to a specific suite within the housing co-operative as outlined in their "occupancy agreement", or "proprietary lease" which is essentially a lease. Most cooperatives are incorporated as limited stock companies where the number of votes an owner has is tied to the number of shares owned by the person. Whichever form of voting is employed it is necessary to conduct an election among shareholders to determine who will represent them on the board of directors (if one exists), the governing body of the co-operative.

The board of directors is generally responsible for the business decisions including the financial requirements and sustainability of the co-operative. Although politics vary from co-op to co-op and depend largely on the wishes of its members, it is a general rule that a majority vote of the board is necessary to make business decisions. In larger co-ops, members of a co-op typically elect a board of directors from amongst the shareholders at a general meeting, usually the annual general meeting. The board typically elects its own officers, such as a president, vice-president and so on. Usually, the directors are volunteers, or are paid. The board may then establish standing committees from among the shareholders, who usually also volunteer their time, to either handle the business affairs of the co-op or make recommendations to the full board on such issues as its finance, membership and maintenance of its housing units. A housing cooperative is normally non-profit, since usually most of its income comes from the rents paid by its residents, who are invariably its members. There is no point in creating a deliberate surplus—except for operational requirements such as setting aside funds for replacement of assets—since that simply means that the rents paid by members are set higher than the expenses. (Note, however, that it's quite possible for a housing co-op to own other revenue-generating assets, such as a subsidiary business which could produce surplus income to offset the cost of the housing, but in those cases the housing rents are usually reduced to compensate for the additional revenue.)

Membership Certificate- A contract between each member and the corporation that spells out the rights and obligations of the member to the corporation and the corporation to the member. It basically gives the member an exclusive right to occupy a unit, participate in the government of the corporation, receive tax benefits and equity increases in return for financial and personal support of the corporation. The Occupancy Agreement, together with the Membership Certificate, is the basis of Cooperative ownership.